

AMENDMENT 2 TO THE CONTRACT FOR SERVICES**Between****THE STATEWIDE ENERGY EFFICIENCY AND RENEWABLES ADMINISTRATION****and****CB&I GOVERNMENT SOLUTIONS, INC.**

This Amendment No. 2 to Contract No. 9501-FE-120 ("Contract") is entered into by The Statewide Energy Efficiency and Renewables Administration ("SEERA") and CB&I Government Solutions, Inc. ("CB&I"), collectively the "Parties". This Amendment No. 2 amends the Original Agreement between SEERA and CB&I, with an Effective Date of January 1, 2015 through December 31, 2018.

The purpose of this Amendment No. 2 is to:

1. Revise tables regarding Core Program and Undesignated Program budgets based on Commission orders.
2. Increase the Savings Goals and Minimum Performance Requirements based on Commission orders.
3. Revise the Program Offerings to reflect new Core Programs in 2016.

Unless specifically amended herein, all obligations, budgets and duties from the Contract remain in force.

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, SEERA and CB&I, by and through their representatives, agree as follows:

1. Original Agreement and Amendments

Except as explicitly amended in this Amendment No. 2, the Original Agreement, including attachments, and prior amendment, shall remain in effect and continue to govern the relationship of the Parties. This Amendment No. 2 constitutes an agreement between commercial parties. All prior or contemporaneous agreements, representations, statements, negotiations, and understandings regarding the subject matters of this Amendment No. 2 are merged herein and shall have no effect except as set forth in this Amendment No. 2. This Amendment No. 2 will control, in the event of any conflict with the Original Agreement or prior amendments.

As amended, the contract between the Parties consists of the following:

Original Agreement with an Effective Date of January 1, 2015 through December 31, 2018 (incorporated by reference); and

Amendment No. 1 to the Original Agreement with an Effective Date of August 10, 2015 (incorporated by reference).

This Amendment No. 2 to the Original Agreement.

2. Attachment B, Scope of Work—Business Portfolio

Section 4.8 is added, as follows:

4.8 Other Targeted Business Programs. — Programs and non-behavioral Pilots besides those listed above may be implemented on a case by case basis. Prioritizing new programs and pilots with available funds will be determined jointly by the Program Administrator and Commission staff. Before being implemented, Program and Pilot ideas will be vetted by a committee consisting of members from the Program Administrator, Commission staff, participating utility(s) and/or external parties to finalize program designs and budgets.

3. Attachment C, Scope of Work—Residential Portfolio

Section 4 is amended as follows:

All provisions not specifically enumerated in this amendment remain unchanged.

4.2 Purposefully Omitted

4.3 Simple Energy Efficiency Program

4.3.1. The Simple Energy Efficiency Program is designed to educate customers about energy savings opportunities and to achieve savings through measures installed by the customer. The Program will result in the installation of low-cost measures throughout Wisconsin, at no or low cost to the customer. Single family homes and multifamily homes consisting of 1-3 units are eligible for the program.

4.3.2. The Program Administrator through its Implementers will allow the customer to select qualified measures that will be shipped directly to the home.

4.3.3. The Program Administrator through its Implementers will increase uptake in other programs by collecting supplemental information from the customer, which can then be used to refer the customer to other Focus on Energy Programs.

4.3.4 Purposefully Omitted

4.4 Purposefully Omitted

4.5 Home Performance with ENERGY STAR® Program

4.5.1. The Home Performance with ENERGY STAR® Program is designed to educate customers about energy savings opportunities through audits and to achieve savings through:

- Comprehensive building shell retrofits
- Installation of eligible prescriptive energy savings measures

The Program will result in the installation of cost-effective measures in single family homes throughout Wisconsin.

4.5.2 The Program Administrator through its Program Implementers shall also offer income-eligible tracks through this Program. Income eligible tracks will be available to customers

that have household incomes between sixty percent (60%) to eighty percent (80%) of State Median Income (SMI), unless otherwise specified by Program Administrator after consulting with Commission staff.

4.5.3. For comprehensive building shell retrofits, the Program Administrator through its Program Implementers will require that a participating customer has an abbreviated energy assessment performed by an eligible Trade Ally. Trade Allies will be required to input assessment information and recommended measures into a standard reporting tool. A standard report and proposal, including recommended measures, that is generated from the reporting tool will be presented to the customer.

4.5.4. The Program Administrator through its Program Implementers will provide prescriptive incentives to single family residential customers for the purchase and installation of qualifying energy savings measures. These incentives will help reduce the purchase price so that customers are motivated to make investments in long-term energy savings for their homes.

4.9 – Purposefully Omitted

Section 4.12 is added:

4.12 Other Targeted Residential Programs.

4.12.1 Programs and non-behavioral Pilots besides those listed above may be implemented on a case by case basis. Prioritizing new programs and pilots with available funds will be determined jointly by the Program Administrator and Commission staff. Before being implemented, Program and Pilot ideas will be vetted by a committee consisting of members from the Program Administrator, Commission staff, participating utility(s) and/or external parties to finalize program designs and budgets.

4. Attachment D, Compensation, Payment, and Performance Bonus: Section 1.0

Sections 1.0 and 1.1 are amended as follows:

1.0 Total Payments

The maximum amount to be paid by the Contract Administrator for eligible administrative and program costs and expenses under this Agreement for the period beginning on January 1, 2015 and ending on December 31, 2018 shall not exceed the Total (\$408,298,402) as referenced in the Focus on Energy Budget Table 1, Attachment D, Section 3.1.

1.1 The Professional Fee for the period beginning January 1, 2015 and ending December 31, 2018 includes the sum of the *Core Program Administration* not-to-exceed amount in the Focus on Energy Budget – Table 1, Attachment D, Section 3.1, and the *Undesignated Program Administration* amount (\$30,961,418). *Core Program Administration* includes the Work described in the Main Agreement and the Management and Operations Scope of Work (Attachment A), the Business Portfolio Scope of Work (Attachment B), and Residential Portfolio Scope of Work (Attachment C). The remaining *Undesignated Program Administration* total, referenced in Focus on Energy Budget – Table 1, Attachment D, Section 3.1, of the Professional Fee is for administrative Work on Commission-approved Programs using undesignated funds. Only eligible charges may be paid as

part of the Professional Fee, as described in Section 2.0, "Eligible Charges," below; non-eligible charges shall not be paid or reimbursed to the Program Administrator.

5. Attachment D, Compensation, Payment, and Performance Bonus: Section 3.1

The Focus on Energy program budget is amended and replaces the Focus on Energy Budget – Table 1 and supersedes all tables from Amendment 1 with the following:

Program Year	Core Program Administration	Core Program Implementation	EERD Budget	Undesignated Program Administration	Undesignated Programs Implementation	Total
2015	\$ 7,361,418	\$ 97,978,844	\$ 816,640	\$ 1,000,000	\$ 9,841,500	\$ 116,998,402
2016	\$ 7,200,000	\$ 91,516,500	\$ 100,000	\$ 1,000,000	\$ 7,283,500	\$ 107,100,000
2017	\$ 7,200,000	\$ 84,800,000	\$ 100,000	\$ 0.00	\$ 0.00	\$ 92,100,000
2018	\$ 7,200,000	\$ 84,800,000	\$ 100,000	\$ 0.00	\$ 0.00	\$ 92,100,000
Total	\$ 28,961,418	\$ 359,095,344	\$ 1,116,640	\$ 2,000,000	\$ 17,125,000	\$ 408,298,402

6. Attachment D, Compensation, Payment, and Performance Bonus: Section 4

Section 4.2-4.4 are amended as follows:

4.2 The Program Administrator's eligibility to earn a performance bonus is contingent upon achieving two Minimum Performance Requirement (MPR) standards, as follows:

- a. Meet or exceed MPR (a) Overall MMBtu goal referenced in Section 2.0 of Attachment E.

AND

- b. Meet or exceed the MPR (b) Customer satisfaction referenced in Section 2.0 of Attachment E.

4.3 Within 30 days after the 2018 program year verified gross energy savings results are determined by the Evaluator (expected to occur in May 2019), and using the customer satisfaction achievement results provided by the Evaluator, the Contract Administrator and Commission will determine if either or both of the two MPRs have been met and notify the Program Administrator of the results of those determinations. If the Program Administrator does not meet both of the two MPRs, the Program Administrator is not eligible for any performance bonus. If neither MPR is met, the Program Administrator may be required to refund a portion of the Professional Fees, per the criteria in the table below.

Performance Bonus Criteria – Table 2	
Performance	Result
Achieves MPR (a) Overall MMBtu goal AND MPR (b) Customer Satisfaction	Eligible for performance bonus of up to \$500,000, if the requirements set forth in Section 4.4 below are met.
Achieves either MPR (a) Overall MMBtu goal or MPR (b) Customer Satisfaction OR Achieves 4 or more of the following: <ul style="list-style-type: none"> - 90% of MPR (a) MMBtu - 90% of MPR (b) Customer Satisfaction - 90% of MPR (c) Verified Gross kW - MPR (d) Verified Gross Lifecycle kWh - MPR (e) Verified Gross Lifecycle Therms 	No performance bonus and no refund of Professional Fees
Achieves 2 or 3 of the following: <ul style="list-style-type: none"> - 90% of MPR (a) MMBtu - 90% of MPR (b) Customer Satisfaction - 90% of MPR (c) Verified Gross kW - MPR (d) Verified Gross Lifecycle kWh - MPR (e) Verified Gross Lifecycle Therms 	Must refund \$250,000 of Professional Fees due to inadequate performance.
Achieves less than 2 of the following: <ul style="list-style-type: none"> - 90% of MPR (a) MMBtu - 90% of MPR (b) Customer Satisfaction - 90% of MPR (c) Verified Gross kW - MPR (d) Verified Gross Lifecycle kWh - MPR (e) Verified Gross Lifecycle Therms 	Must refund \$500,000 of Professional Fees due to inadequate performance.

4.4 If the calculations performed under Section 4.3 and Table 2 establish that the Program Administrator is eligible for a performance bonus for the period January 1, 2015 through December 31, 2018, the Evaluator shall determine whether Focus on Energy has met the Commission's goals for cumulative net first-year savings for kWh and/or therms and/or kW for the 2015-2018 Quadrennium, as set forth in Section 1.0 of Attachment E. In this situation, the Program Administrator shall be eligible to earn a performance bonus with respect to performance in kWh and/or therms and/or kW savings, with the bonus weighted to reflect the Commission's decision to place more emphasis on energy savings versus demand. The bonus for each of the three indicators will be calculated separately, so performance on one indicator will not influence the potential of earning a performance bonus for either of the other two indicators. The weighting for each of the three indicators is as follows:

- a. kWh is 40% of the maximum bonus ($\$500,000 \times 0.40 = \$200,000$)
- b. Therms is 40% of the maximum bonus ($\$500,000 \times 0.40 = \$200,000$)
- c. kW is 20% of the maximum bonus ($\$500,000 \times 0.20 = \$100,000$)

For example, if the Evaluator determines that Focus on Energy has met the Commission's goals for kWh and kW but not therms, the Program Administrator will receive a performance bonus

equal to \$300,000 (\$200,000 plus \$100,000). In those situations in which the Program Administrator earns a performance bonus, the Evaluator shall notify the Program Administrator of the amount of that bonus at the same time it gives the Program Administrator the notice described in Section 4.3.

The Program Administrator shall pay at least 50 percent (50%) of the final bonus amount that it earns (if any) to those employees of the Program Administrator who (i) worked at least one year during the 2015-2018 Quadrennium on the Focus on Energy Program, and (ii) worked over 80 percent of their billable hours on the Focus on Energy Program and also worked at least 90 percent of their billable hours on Focus on Energy while located in Wisconsin, and (iii) are still employed by the Program Administrator at the time the bonus is paid to the Program Administrator. The remainder of the final bonus amount that the Program Administrator earns (if any) shall be retained by the Program Administrator.

7. Attachment E, Net Annual and Verified Gross Lifecycle Goals

Attachment E is amended as follows:

**ATTACHMENT E
2015-2015 NET ANNUAL AND VERIFIED GROSS LIFECYCLE GOALS**

In the event of a conflict between the provisions of the Main Agreement and this Attachment E, the provisions in this Attachment E shall take precedence. Capitalized terms used but not defined herein shall have the meanings given to them in the Main Agreement.

1.0 Introduction

The Commission has determined the following net annual energy savings and demand reduction goals for the cumulative period of 2015-2018:

	Cumulative Net First-Year Goals for 2015-2018
kW	319,838
kWh	2,261,492,068
Therms	76,911,727

2.0 The Commission has determined that the Program Administrator contract goals for demand savings and energy savings shall be set as gross lifecycle goals. The Commission's cumulative net first-year goals shall be converted to gross lifecycle goals using historical Focus on Energy data on measure lifetimes and net-to-gross ratios. The Commission also determined that gross lifecycle for energy savings shall be set as an overall MMBtu energy savings goal of 268,659,142, based on a projected gross lifecycle targets of 32,197,088,735 kWh and 1,588,026,749 therms. The Commission intends to allow some flexibility in how MMBtu goals is achieved, with either kWh or therms, provided that MPR targets are achieved. kWh and therm MPR are based on achieving 90% of the projected gross lifecycle targets referenced earlier and are defined in the following table. kWh achieved greater than the Minimum Performance Requirement can be converted to therms at a rate of 13.5:1.

Focus on Energy / Goals Table

Unit	Goal
MPR (a) Overall MMBtu Goal Verified Gross Lifecycle	268,659,142
MPR (b) Customer Satisfaction	TBD*
MPR (c) kW Verified Gross	422,264
MPR (d) kWh Verified Gross Lifecycle	28,977,379,862
MPR (e) Therms Verified Gross Lifecycle	1,429,224,074

*The Evaluator, with consultation from the Program Administrator and approval by the Commission, shall establish the baseline for customer satisfaction by no later than May 30, 2016, based on data collected during calendar year 2015. The established baseline will be equivalent to the KPI utilized to measure this MPR over the 2015-2018 Quadrennium. The Evaluator will determine whether the KPI has been achieved by the Program Administrator.

2.1 The above goals are based on the annual budget allocation for the Focus on Energy "Core Program Administration" and "Core Program Implementation" for the program years 2015 through 2018, referenced in Table 1 of Attachment D. Should the Focus on Energy budget be reduced or increased, the Commission will revisit its decision on goals and determine whether any of the goals in Sections 1.0 and/or 2.0 above should be adjusted accordingly.


2.2 If circumstances beyond the control of the Program Administrator, the Contract Administrator and the Commission occur that could reasonably be expected to affect the ability of the Program Administrator to achieve these goals (either by making it significantly more difficult or significantly easier to achieve these goals), the Program Administrator, the Contract Administrator and the Commission shall have the right to propose change(s) to these goals to reflect the entirety of the then-current circumstances. The other parties agree to discuss and consider any such proposals in good faith, but they are not under any obligation to agree to such proposals.


3.0 Assumptions: The goals set forth above are based on technology and/or end-use energy savings assumptions, as documented in program workpapers, SPECTRUM, and the Focus on Energy Technical Reference Manual (TRM). Any modifications to existing savings assumptions, and any proposals to calculate savings for new measures, that may be proposed by Implementers shall be reviewed by the Program Administrator and the Evaluator; such proposals shall not become effective unless and until they have been reviewed and approved by the Commission. All approved changes to any values shall be made on a prospective basis only, and shall not be applied retroactively for the purposes of determining savings or cost-effectiveness. At the end of the 2015-2018 contract period, the Program Administrator's final contract goal achievement will be determined by the Evaluator, based on verified gross lifecycle savings.

4.0 Net energy savings: Net energy savings, as verified by the Evaluator, and Focus on Energy Program costs, as verified by the Fiscal Agent, will be used to determine contractual cost-effectiveness achievement at the Program and portfolio levels for the 2015-2018 contract period and for each program year within that period. The entire Focus on Energy portfolio must pass the modified Total Resource Cost test, as specified in docket 5-FE-100.

Unless specifically modified herein, every other budget set by Original Agreement shall remain in effect. This Amendment No. 2 is made and entered into by and between SEERA and CB&I, according to the approved scope of work and budget and all applicable appendices. SEERA's obligations herein are conditioned on the approval of this Amendment No. 2 by the Public Service Commission of Wisconsin. This Amendment No. 2 may be terminated at any time by SEERA, without further liability of SEERA or its member companies, if the Public Service Commission of Wisconsin directs or otherwise requires SEERA's member companies to terminate this Amendment No. 2. All other terms and conditions remain in full force and effect.

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT

By: The Statewide Energy Efficiency and Renewables Administration (SEERA)
Date: 3/11/2016
Signature: 
Name: Dennis Dericks
Title: Chairman

By: CB&I Government Solutions, Inc., Focus on Energy Program Administrator
Date: 8 MAR 2016
Signature: 
Name: Tyson Hackenberg
Title: Senior Director, Environmental & Infrastructure, Focus on Energy – CB&I Government Solutions, Inc.